

REFERENCE TITLE: AHCCCS; PACE program

State of Arizona
House of Representatives
Forty-seventh Legislature
Second Regular Session
2006

HB 2383

Introduced by
Representatives Stump, Bradley, Lopez L, Lujan, Meza, Sinema: Alvarez,
Anderson, Burton Cahill, Gallardo, Murphy, Prezelski, Tom, Yarbrough

AN ACT

AMENDING TITLE 36, CHAPTER 29, ARIZONA REVISED STATUTES, BY ADDING ARTICLE 5;
RELATING TO THE ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Title 36, chapter 29, Arizona Revised Statutes, is amended
3 by adding article 5, to read:

4 ARTICLE 5. PACE PROGRAM

5 36-2999.01. Definitions

6 IN THIS ARTICLE, UNLESS THE CONTEXT OTHERWISE REQUIRES:

7 1. "ADMINISTRATION" MEANS THE ARIZONA HEALTH CARE COST CONTAINMENT
8 SYSTEM ADMINISTRATION.

9 2. "CENTERS FOR MEDICARE AND MEDICAID SERVICES" MEANS THE FEDERAL
10 AGENCY UNDER THE UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES THAT
11 IS RESPONSIBLE FOR APPROVING THE PACE PROGRAM AND JOINING THE STATE IN
12 SIGNING AN AGREEMENT WITH THE PACE PROGRAM ONCE IT HAS BEEN APPROVED AS A
13 PROVIDER UNDER 42 CODE OF FEDERAL REGULATIONS PART 460.

14 3. "DIRECTOR" MEANS THE DIRECTOR OF THE ARIZONA HEALTH CARE COST
15 CONTAINMENT SYSTEM ADMINISTRATION.

16 4. "ELIGIBLE PARTICIPANT" MEANS A PERSON WHO:

17 (a) IS A RESIDENT OF THIS STATE AND A UNITED STATES CITIZEN OR A
18 PERSON WHO MEETS THE REQUIREMENTS FOR QUALIFIED ALIEN STATUS AS DETERMINED
19 PURSUANT TO SECTION 36-2903.03, WHO ENTERED THE UNITED STATES ON OR BEFORE
20 AUGUST 21, 1996 OR WHO ENTERED THE UNITED STATES ON OR AFTER AUGUST 22, 1996
21 AND WHO IS A MEMBER OF AN EXCEPTION GROUP UNDER PUBLIC LAW 104-193, SECTION
22 412.

23 (b) MEETS THE ELIGIBILITY CRITERIA PURSUANT TO SECTION 36-2934.

24 (c) NEEDS INSTITUTIONAL SERVICES AS DETERMINED PURSUANT TO SECTION
25 36-2936.

26 (d) IS DEFINED AS ELIGIBLE PURSUANT TO SECTION 1902(a)(10)(A)(ii)(XV)
27 AND (XVI) OF TITLE XIX OF THE SOCIAL SECURITY ACT AND WHO MEETS THE INCOME
28 REQUIREMENTS OF SECTION 36-2950 OR IS WILLING TO PAY PRIVATE FEES.

29 (e) IS AT LEAST FIFTY-FIVE YEARS OF AGE.

30 (f) RESIDES IN THE PACE ORGANIZATION'S SERVICE AREA ON ENROLLMENT.

31 (g) IS WILLING TO ABIDE BY THE REQUIREMENT THAT ENROLLEES RECEIVE ALL
32 HEALTH AND LONG-TERM CARE SERVICES EXCLUSIVELY FROM THE PACE ORGANIZATION AND
33 ITS CONTRACTED OR REFERRED PROVIDERS.

34 (h) IS ABLE TO BE MAINTAINED IN A COMMUNITY BASED SETTING AT THE TIME
35 OF ENROLLMENT WITHOUT JEOPARDIZING THE PERSON'S HEALTH OR SAFETY OR THE
36 HEALTH AND SAFETY OF OTHERS.

37 5. "INTERDISCIPLINARY TEAM" MEANS PACE STAFF AND PACE SUBCONTRACTORS
38 WHO HAVE CURRENT AND APPROPRIATE LICENSURE, CERTIFICATION OR ACCREDITATION
39 AND WHO ARE RESPONSIBLE FOR ASSESSMENT AND DEVELOPMENT OF THE PACE
40 PARTICIPANT'S CARE PLAN AND MAY CONDUCT ASSESSMENTS OF PACE PARTICIPANTS AND
41 PROVIDE SERVICES TO PACE PARTICIPANTS WITHIN THEIR SCOPE OF PRACTICE.

42 6. "NONPARTICIPATING PROVIDER" MEANS A PROVIDER WHO DOES NOT HAVE A
43 CONTRACTUAL RELATIONSHIP WITH THE PACE PROGRAM.

1 7. "PACE" MEANS THE PROGRAM FOR ALL-INCLUSIVE CARE FOR THE ELDERLY AS
2 DEFINED IN SECTION 4801 OF THE BALANCED BUDGET ACT OF 1997 AND AUTHORIZED
3 UNDER SECTIONS 1894 AND 1934 OF THE SOCIAL SECURITY ACT.

4 8. "PACE CENTER" MEANS A FACILITY OPERATED BY A PACE PROGRAM WHERE
5 PRIMARY CARE AND OTHER SERVICES ARE FURNISHED TO PACE PARTICIPANTS.

6 9. "PACE PROGRAM" MEANS A PROGRAM THAT:

7 (a) IS DEFINED UNDER SECTION 1894(a)(2) OF THE SOCIAL SECURITY ACT.

8 (b) HAS AN AGREEMENT TO OPERATE A PACE PROGRAM IN ACCORDANCE WITH 42
9 CODE OF FEDERAL REGULATIONS PART 460.

10 (c) IS A PERMANENT PROVIDER TYPE UNDER MEDICARE THAT ALLOWS STATES THE
11 OPTION TO PAY FOR PACE SERVICES UNDER MEDICAID.

12 (d) IS CAPITATED BY BOTH MEDICARE AND MEDICAID OR MEDICARE AND PRIVATE
13 PAY TO PROVIDE ALL MEDICAL AND LONG-TERM CARE SERVICES.

14 10. "PACE PROGRAM AGREEMENT" MEANS AN AGREEMENT BETWEEN A PACE PROGRAM,
15 CENTERS FOR MEDICARE AND MEDICAID SERVICES AND THE ADMINISTRATION.

16 11. "PARTICIPANT" MEANS AN INDIVIDUAL WHO IS ENROLLED IN A PACE
17 PROGRAM.

18 12. "SECTION 1115 WAIVER" MEANS THE RESEARCH AND DEMONSTRATION WAIVER
19 GRANTED BY THE UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES.

20 13. "SERVICE AREA" MEANS THE GEOGRAPHIC AREA IN WHICH THE PACE PROGRAM
21 HAS AGREED TO PROVIDE SERVICES UNDER THE PACE PROGRAM AGREEMENT.

22 36-2999.02. PACE program; powers and duties of the director;
23 interdisciplinary teams

24 A. THE PACE PROGRAM IS ESTABLISHED TO PROVIDE MANAGED CARE BENEFITS
25 FOR THE FRAIL ELDERLY THROUGH A COMPREHENSIVE MEDICAL AND SOCIAL SERVICE
26 DELIVERY SYSTEM THAT USES INTERDISCIPLINARY TEAMS IN AN ADULT DAY HEALTH
27 CENTER IN ACCORDANCE WITH 42 CODE OF FEDERAL REGULATIONS PART 460 AND
28 SECTIONS 1894, 1905(a) AND 1934 OF THE SOCIAL SECURITY ACT. THE
29 ADMINISTRATION SHALL OFFER THE PACE PROGRAM AS A VOLUNTARY OPTION FOR
30 INDIVIDUALS WHO ARE AT LEAST FIFTY-FIVE YEARS OF AGE, LIVE IN THE PACE
31 SERVICE AREA, ARE CERTIFIED AS ELIGIBLE FOR NURSING HOME LEVEL OF CARE AND
32 MEET THE REQUIREMENTS FOR AN ELIGIBLE PARTICIPANT. THE PROGRAM SHALL PROVIDE
33 SERVICES TO PACE PARTICIPANTS PURSUANT TO THIS ARTICLE AND FEDERAL MEDICARE
34 AND MEDICAID REQUIREMENTS THAT GOVERN PACE PROVIDERS AND PROGRAMS.

35 B. THE ADMINISTRATION SHALL SERVE AS THE STATE ADMINISTERING AGENCY
36 UNDER 42 CODE OF FEDERAL REGULATIONS PART 460, WHICH INCLUDES ADDITIONAL
37 OBLIGATIONS OF COORDINATION WITH CENTERS FOR MEDICARE AND MEDICAID SERVICES
38 IN THE ADMINISTRATION OF THE PACE PROGRAM. THE DIRECTOR IN THE PERFORMANCE
39 OF ALL DUTIES SHALL CONSIDER THE USE OF EXISTING PROGRAMS, RULES AND
40 PROCEDURES IN THE COUNTIES AND DEPARTMENT IF APPROPRIATE IN MEETING FEDERAL
41 REQUIREMENTS. IN ADMINISTERING THE PACE PROGRAM, THE DIRECTOR HAS THE SAME
42 POWERS AND DUTIES PRESCRIBED IN SECTION 36-2932.

1 C. EACH INTERDISCIPLINARY TEAM SHALL INCLUDE AT LEAST ONE OF EACH OF
2 THE FOLLOWING:

3 1. ONE OF THE FOLLOWING:

4 (a) A PHYSICIAN WHO IS LICENSED PURSUANT TO TITLE 32, CHAPTER 13
5 OR 17.

6 (b) A NURSE PRACTITIONER WHO IS LICENSED PURSUANT TO TITLE 32,
7 CHAPTER 15.

8 (c) A PHYSICIAN ASSISTANT WHO IS LICENSED PURSUANT TO TITLE 32,
9 CHAPTER 25.

10 2. A REGISTERED NURSE WHO IS LICENSED PURSUANT TO TITLE 32, CHAPTER 15
11 OR A LICENSED PRACTICAL NURSE WHO IS LICENSED PURSUANT TO TITLE 32, CHAPTER
12 15 AND WHO IS SUPERVISED BY A REGISTERED NURSE.

13 3. A SOCIAL WORKER WITH A MASTER'S DEGREE WHO IS LICENSED PURSUANT TO
14 TITLE 32, CHAPTER 33 OR A SOCIAL WORKER WITH A BACHELOR'S DEGREE WHO IS
15 SUPERVISED BY A MASTER'S LEVEL SOCIAL WORKER WHO IS LICENSED PURSUANT TO
16 TITLE 32, CHAPTER 33.

17 4. AN OCCUPATIONAL THERAPIST WHO IS LICENSED PURSUANT TO TITLE 32,
18 CHAPTER 34 OR AN OCCUPATIONAL THERAPY ASSISTANT WHO IS SUPERVISED BY AN
19 OCCUPATIONAL THERAPIST LICENSED PURSUANT TO TITLE 32, CHAPTER 34.

20 5. A RECREATIONAL THERAPIST OR AN ACTIVITY COORDINATOR WITH TWO YEARS'
21 EXPERIENCE.

22 6. A PHYSICAL THERAPIST OR A PHYSICAL THERAPY ASSISTANT WHO IS
23 SUPERVISED BY A PHYSICAL THERAPIST.

24 7. A DIETICIAN.

25 8. THE PACE CENTER MANAGER.

26 9. THE HOME CARE COORDINATOR.

27 10. A PERSONAL CARE ATTENDANT.

28 11. THE DRIVER OR TRANSPORTATION COORDINATOR.

29 36-2999.03. Eligibility determination; applications; enrollment

30 A. IN ADDITION TO THE ELIGIBILITY CRITERIA PRESCRIBED IN SECTION
31 36-2934 AND THE PREADMISSION SCREENING CONDUCTED PURSUANT TO SECTION 36-2936,
32 TO BE ELIGIBLE TO ENROLL IN A PACE PROGRAM, A PERSON MUST:

33 1. BE AT LEAST FIFTY-FIVE YEARS OF AGE.

34 2. RESIDE IN A PACE PROGRAM'S SERVICE AREA ON ENROLLMENT.

35 3. BE CERTIFIED BY THE ADMINISTRATION AS ELIGIBLE FOR NURSING HOME
36 LEVEL OF CARE.

37 4. AGREE TO RECEIVE COVERED SERVICES THROUGH THE PACE PROGRAM.

38 5. BE ABLE AT THE TIME OF ENROLLMENT TO LIVE IN A COMMUNITY SETTING
39 WITHOUT JEOPARDIZING THE PERSON'S HEALTH OR SAFETY OR THE HEALTH AND SAFETY
40 OF OTHERS.

41 B. THE ADMINISTRATION SHALL FORWARD INTAKE INFORMATION OF A POTENTIAL
42 ENROLLEE TO THE PACE PROGRAM STAFF WHO SHALL ASSESS THE APPLICANT'S
43 APPROPRIATENESS FOR ENROLLMENT IN THE PACE PROGRAM IN ACCORDANCE WITH THE
44 REQUIREMENTS OF 42 CODE OF FEDERAL REGULATIONS SECTION 460.152.

1 C. ALL LETTERS TO APPLICANTS REGARDING DENIAL OF ENROLLMENT BY THE
2 PACE PROGRAM MUST INCLUDE THE REASON FOR THE DENIAL AND THE APPLICANT'S
3 APPEAL RIGHTS. THIS LETTER, ALONG WITH DOCUMENTATION OR PERTINENT
4 INFORMATION RELATED TO THE DECISION, MUST BE FORWARDED TO THE ADMINISTRATION
5 FOR REVIEW.

6 D. SECTIONS 36-2934.01, 36-2934.02 AND 36-2935 ALSO APPLY TO THE PACE
7 PROGRAM AND ITS PARTICIPANTS.

8 36-2999.04. Case management; definition

9 A. IN ADDITION TO SERVICES PRESCRIBED IN SECTION 36-2939, THE PACE
10 PROGRAM SHALL PROVIDE CASE MANAGEMENT TO COORDINATE SERVICES AND PROMOTE
11 ACCESS TO ALL NECESSARY MEDICAL, SOCIAL AND OTHER SERVICES IN COORDINATION
12 WITH RULES ADOPTED BY THE DIRECTOR. CASE MANAGEMENT SERVICES INCLUDE THE
13 FOLLOWING:

14 1. AN IN-DEPTH ASSESSMENT TO DETERMINE THE LEVEL OF CASE MANAGEMENT
15 NEEDED AND SERVICES TO BE ACCESSED.

16 2. AN INDIVIDUAL CASE MANAGEMENT SERVICE PLAN OUTLINING NEEDED
17 SERVICES AND ACCESS PLANS.

18 3. SERVICE PLAN IMPLEMENTATION TO INCLUDE COUNSELING TO ENCOURAGE THE
19 PACE PARTICIPANT'S COOPERATION, SERVICE AUTHORIZATION, REFERRAL FOR SERVICES
20 AND CASE COORDINATION.

21 4. A REVIEW OF THE SERVICE PLAN TO BE CONDUCTED ON AN AS-NEEDED BASIS,
22 AT A MINIMUM OF AT LEAST ONCE EACH SIX MONTH PERIOD OF COVERAGE.

23 B. A PACE PROGRAM SHALL PROVIDE PAYMENT OR REIMBURSEMENT ONLY FOR
24 SERVICES PROVIDED PURSUANT TO THIS ARTICLE UNDER REFERRAL FROM ITS
25 INTERDISCIPLINARY TEAM THAT CONDUCTS CASE MANAGEMENT.

26 C. FOR THE PURPOSES OF THIS SECTION, "CASE MANAGEMENT" MEANS A SERVICE
27 THAT WILL DIRECT MEMBERS TO THE MOST APPROPRIATE AMOUNT, DURATION AND TYPE OF
28 SERVICES AND CONTINUALLY MONITOR AND REASSESS A MEMBER'S NEED FOR SERVICES
29 PROVIDED PURSUANT TO THIS ARTICLE.

30 36-2999.05. Establishment of capitation rate

31 A. UNDER A PACE PROGRAM AGREEMENT AND 42 CODE OF FEDERAL REGULATIONS
32 SECTION 460.180, THE ADMINISTRATION SHALL MAKE A PROSPECTIVE MONTHLY PAYMENT
33 TO THE PACE PROGRAM OF A CAPITATION RATE FOR EACH MEDICAID PARTICIPANT.

34 B. THE PACE PROGRAM MUST ACCEPT THE CAPITATION PAYMENT AS PAYMENT IN
35 FULL FOR MEDICAID PARTICIPANTS AND MAY NOT BILL, CHARGE, COLLECT OR RECEIVE
36 ANY OTHER FORM OF PAYMENT FROM THE ADMINISTRATION OR FROM OR ON BEHALF OF THE
37 PACE PARTICIPANT, EXCEPT AS FOLLOWS:

38 1. PAYMENT WITH RESPECT TO THE SHARE OF COST AND ANY AMOUNTS DUE UNDER
39 THE POSTELIGIBILITY TREATMENT OF INCOME.

40 2. MEDICARE PAYMENT RECEIVED FROM THE CENTERS FOR MEDICARE AND
41 MEDICAID SERVICES OR FROM OTHER PAYORS.

42 3. ADJUSTMENTS RELATED TO ENROLLMENT AND DISENROLLMENT OF PACE
43 PARTICIPANTS IN THE PACE PROGRAM.

44 4. A FEE-FOR-SERVICE PAYMENT BY THE ADMINISTRATION OR MEDICARE PRIOR
45 TO THE PACE PARTICIPANT BEING CAPITATED.

1 C. THE ADMINISTRATION SHALL ESTABLISH AN ACTUARIALLY SOUND CAPITATION
2 RATE BASED ON THE ESTIMATED COST OF PROVIDING SERVICES PURSUANT TO THIS
3 ARTICLE TO PACE PARTICIPANTS WHO HAVE BEEN DETERMINED ELIGIBLE PURSUANT TO
4 SECTION 36-2999.01, PARAGRAPH 4.

5 D. AT LEAST THIRTY DAYS BEFORE FINALIZING THE CAPITATION RATES, THE
6 ADMINISTRATION SHALL SEND WRITTEN NOTICE OF THE PROPOSED CAPITATION RATES TO
7 THE PACE PROGRAM.

8 36-2999.06. Program applications and contracts; notice

9 A. CONTRACTS FOR SERVICES RENDERED BY PACE PROGRAMS PURSUANT TO
10 SECTION 36-2999.04 SHALL BE AWARDED BY THE ADMINISTRATION IN ACCORDANCE WITH
11 THE FEDERAL APPLICATION PROCESS, 42 CODE OF FEDERAL REGULATIONS SECTION
12 460.12. THE ADMINISTRATION MAY CHARGE PACE PROGRAM APPLICANTS THE DIRECT
13 COST ASSOCIATED WITH THE EVALUATION OF THE PACE APPLICATION PURSUANT TO THIS
14 SECTION.

15 B. IN ACCORDANCE WITH SECTIONS 1894, 1905(a) AND 1934 OF THE SOCIAL
16 SECURITY ACT, PACE IS ESTABLISHED AS A STATE OPTION UNDER MEDICAID. THE
17 DIRECTOR SHALL SUBMIT AN AMENDMENT TO THE STATE'S MEDICAID PLAN, AUTHORIZING
18 THE IMPLEMENTATION OF PACE AS SOON AS PRACTICABLE BUT NOT LATER THAN
19 SEPTEMBER 1, 2006.

20 C. IF, BEFORE IMPLEMENTING ANY PROVISION OF THIS ARTICLE, THE DIRECTOR
21 DETERMINES THAT A WAIVER OR AUTHORIZATION FROM A FEDERAL AGENCY IS NECESSARY
22 FOR IMPLEMENTATION OF PACE, THE DIRECTOR SHALL REQUEST THE WAIVER OR
23 AUTHORIZATION.

24 D. WITHIN NINETY DAYS AFTER APPLICATION SUBMISSION, THE ADMINISTRATION
25 SHALL DO ONE OF THE FOLLOWING IN ACCORDANCE WITH 42 CODE OF FEDERAL
26 REGULATIONS PART 460:

27 1. APPROVE THE APPLICATION.
28 2. DENY THE APPLICATION BASED ON NONCOMPLIANCE WITH FEDERAL AND STATE
29 STATUTES.

30 3. REQUEST ADDITIONAL INFORMATION NEEDED TO MAKE A FINAL
31 DETERMINATION.

32 E. THE ADMINISTRATION SHALL BEGIN ACCEPTING PACE PROGRAM APPLICATIONS
33 NOT LATER THAN OCTOBER 1, 2006.

34 F. A PACE APPLICANT SHALL FILE A NOTICE OF INTENT TO ESTABLISH A PACE
35 PROGRAM WITH THE ADMINISTRATION AT LEAST SIXTY-FIVE DAYS BEFORE FILING AN
36 APPLICATION WITH THE ADMINISTRATION. AT A MINIMUM THE NOTICE SHALL DESCRIBE
37 THE SERVICE AREA FOR THE PROGRAM IN ACCORDANCE WITH THE FEDERAL APPLICATION
38 PROCESS PRESCRIBED IN 42 CODE OF FEDERAL REGULATIONS SECTION 460.12.

39 G. ON RECEIPT OF A NOTICE OF THE INTENT TO ESTABLISH A PACE PROGRAM
40 PURSUANT TO THIS SECTION, THE ADMINISTRATION SHALL PROVIDE ADEQUATE PUBLIC
41 NOTICE OF THE INTENT TO ESTABLISH A PACE PROGRAM AND INVITE ALTERNATIVE
42 PROPOSALS. THE ADMINISTRATION SHALL PROVIDE THIS NOTICE BY PUBLICATION IN A
43 NEWSPAPER OF GENERAL CIRCULATION IN THE COUNTY WHERE THE PROGRAM WILL BE
44 ESTABLISHED ONCE A WEEK FOR A TWO WEEK PERIOD AT A REASONABLE TIME BEFORE
45 APPLICATIONS ARE DUE. THE APPLICANT SHALL REIMBURSE THE ADMINISTRATOR FOR

1 ALL PUBLICATION COSTS. THE ADMINISTRATION SHALL PRESCRIBE A DEADLINE AFTER
2 WHICH IT SHALL NOT ACCEPT NEW APPLICATIONS FOR THE DEFINED SERVICE AREA. THE
3 DEADLINE SHALL BE AT LEAST SIXTY-FIVE DAYS BUT NOT MORE THAN NINETY DAYS
4 AFTER THE INITIAL FILING OF INTENT TO ESTABLISH A PACE PROGRAM.

5 H. THE ADMINISTRATION SHALL AWARD CONTRACTS FOR SERVICES RENDERED BY
6 PACE PROGRAMS PURSUANT TO THIS ARTICLE. IF MULTIPLE PROPOSALS ARE SUBMITTED
7 FOR THE SAME SERVICE AREA, THE ADMINISTRATION MAY APPROVE ONLY THE PROPOSAL
8 THAT IS THE MOST RESPONSIVE AND COST-EFFECTIVE AND THAT CONFORMS TO ALL OF
9 THE APPLICABLE REQUIREMENTS OF THIS ARTICLE. THE ADMINISTRATION MAY DEVELOP
10 ADDITIONAL CRITERIA TO EVALUATE COMPETING PROPOSALS THAT ARE CONSISTENT WITH
11 THE FEDERAL APPLICATION PROCESS PRESCRIBED IN 42 CODE OF THE FEDERAL
12 REGULATIONS SECTION 460.12.

13 36-2999.07. PACE program qualifications; annual report;
14 financial solvency

15 A. A PACE ORGANIZATION MUST BE ONE OF THE FOLLOWING OR BE A DISTINCT
16 PART OF ONE OF THE FOLLOWING:

- 17 1. AN ENTITY OF A CITY, COUNTY, STATE OR TRIBAL GOVERNMENT.
- 18 2. A PRIVATE NONPROFIT ENTITY ORGANIZED FOR CHARITABLE PURPOSES UNDER
19 SECTION 501(c)(3) OF THE INTERNAL REVENUE CODE OF 1986.

20 B. THE PACE PROGRAM'S SERVICE AREA MUST BE APPROVED BY THE CENTERS FOR
21 MEDICARE AND MEDICAID SERVICES AND THE ADMINISTRATION.

22 C. THE PACE PROGRAM MUST:

- 23 1. HAVE A GOVERNING BOARD THAT INCLUDES COMMUNITY REPRESENTATION.
- 24 2. BE ABLE TO PROVIDE THE COMPLETE SERVICE PACKAGE REGARDLESS OF
25 FREQUENCY OR DURATION OF SERVICES.
- 26 3. HAVE A PHYSICAL SITE TO PROVIDE ADULT DAY SERVICES.
- 27 4. HAVE A DEFINED SERVICE AREA.
- 28 5. HAVE SAFEGUARDS AGAINST CONFLICT OF INTEREST.
- 29 6. HAVE A DEMONSTRATED FISCAL SOUNDNESS.
- 30 7. HAVE A FORMAL PARTICIPANTS' BILL OF RIGHTS.

31 D. PACE PROGRAMS ASSUME THE RISK FOR PROVIDING SERVICES UNDER CONTRACT
32 WITH THE ADMINISTRATION AND MUST MAINTAIN SOUND FINANCIAL MANAGEMENT
33 PROCEDURES, MAINTAIN PROTECTIONS AGAINST INSOLVENCY AND GENERATE PERIODIC
34 FINANCIAL REPORTS FOR SUBMISSION TO THE ADMINISTRATION.

35 E. EACH PACE PROGRAM PURSUANT TO THIS SECTION MUST SUBMIT AN ANNUAL
36 AUDITED FINANCIAL AND PROGRAMMATIC REPORT FOR THE PRECEDING FISCAL YEAR AS
37 REQUIRED BY THE ADMINISTRATION. THE REPORT MUST INCLUDE:

- 38 1. BEGINNING AND ENDING BALANCES, REVENUES AND EXPENDITURES INCLUDING
39 SPECIFIC IDENTIFICATION OF ADMINISTRATIVE COSTS.
- 40 2. THE NUMBER OF PACE PARTICIPANTS SERVED BY THE PACE PROGRAM AND THE
41 COST INCURRED FOR VARIOUS TYPES OF SERVICES PROVIDED TO MEMBERS IN A FORMAT
42 PRESCRIBED BY THE DIRECTOR.

1 F. THE DIRECTOR SHALL REQUIRE CONTRACT TERMS NECESSARY TO ENSURE
2 ADEQUATE PERFORMANCE BY THE PACE PROGRAM OF THE PROVISIONS OF EACH CONTRACT
3 EXECUTED PURSUANT TO THIS SECTION. CONTRACT PROVISIONS REQUIRED BY THE
4 DIRECTOR MUST INCLUDE THE MAINTENANCE OF DEPOSITS, PERFORMANCE BONDS,
5 FINANCIAL RESERVES OR OTHER FINANCIAL SECURITY.

6 36-2999.08. PACE programs; additional responsibilities;
7 exemption from title 20

8 A. PACE PROGRAMS SHALL COMPLY WITH ALL RESPONSIBILITIES AND
9 REQUIREMENTS PRESCRIBED IN SECTIONS 36-2946, 36-2947, 36-2948 AND 36-2952
10 THROUGH 36-2959.

11 B. TO THE EXTENT THAT SERVICES ARE PROVIDED PURSUANT TO THIS ARTICLE,
12 A PACE PROGRAM IS NOT SUBJECT TO THE PROVISIONS OF TITLE 20.

13 Sec. 2. Auditor general PACE program review

14 Not later than three years after enrollment begins in the first PACE
15 program as prescribed by this act, the auditor general shall conduct a
16 performance audit as defined in section 41-1278, Arizona Revised Statutes, of
17 the PACE program. The audit shall include an examination of the
18 cost-effectiveness of all PACE programs and shall assess the impact of the
19 PACE program on the program contractors. The auditor general shall submit
20 copies of the audits to the governor, the president of the senate, the
21 speaker of the house of representatives and the chairpersons of the senate
22 health committee and the house of representatives health committee or their
23 successor committees.

24 Sec. 3. Initial PACE programs; limitation

25 Notwithstanding title 36, chapter 29, article 5, Arizona Revised
26 Statutes, as added by this act, the Arizona health care cost containment
27 system administration shall not authorize more than four qualified PACE
28 programs before October 1, 2009.